Managed Risk Medical Insurance Board
April 28, 2004, Meeting

Board Members Present:	Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H.
Ex Officio Members Present:	Ed Mendoza
Staff Present:	Lesley Cummings, Joyce Iseri, Laura Rosenthal, Irma Michel, Tom Williams, Vallita Lewis, Larry Lucero, Ernesto Sanchez, Teresa Smanio, JoAnne French, Becky Villa

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

Chairman Allenby acknowledged visitors from the Center for Medicare and Medicaid Services (CMS). Meredith Robertson, California Project Officer with CMS in Baltimore, and Cheryl Young, CMS Region IX Representative, are responsible for overseeing SCHIP in California.

The Board and staff honored Dee Gregory with an award in recognition for her many years of tireless service to children beginning with health services in Humboldt County and culminating with her position as Director for Children's Medical Services, from which she is retiring.

REVIEW AND APPROVAL OF MINUTES OF MARCH 24, 2004, MEETING

A motion was made and unanimously passed to approve the minutes of the March 24, 2004, meeting.

STATE BUDGET UPDATE

Lesley Cummings reported that since the last Board meeting the Senate Budget Subcommittee held a hearing on MRMIB's budget. The Subcommittee rejected proposals to cap enrollment in the Healthy Families Program (HFP) and eliminate HFP eligibility for legal immigrants and instead shift funding to counties with a block grant. The Subcommittee also refused to include in the budget trailer bill the Administration's proposal to establish two-tiered benefits for families with incomes over 200%, instead directing the Administration to pursue the change in a policy bill. The Subcommittee also adopted an LAO recommendation to repeal the reserve requirement for the

Perinatal Insurance Fund for the Access for Infants and Mothers (AIM) program, and instead directed MRMIB to obtain any needed funds from the overall reserve for Proposition 99 funds. It also deleted $175,000 in General Fund support to conduct the Consumer Assessment of Health and Dental (CAHPS) surveys in the budget year. Chairman Allenby asked if there were any questions or comments; there were none.

LEGISLATIVE UPDATE

State Bill Summary

Teresa Smanio reviewed bills on MRMIB's track list that have been introduced or changed since the last report. Among others, Ms. Smanio reported on:

SB 2 (Burton/Speier): Five proposals have been received in response to the California HealthCare Foundation's RFP for development of issue papers on implementation of SB 2. Note that this legislation has not yet taken effect because of a referendum which will be on the November 2004 ballot.

SB 1196 (Cedillo) has been amended to conform to recommendations made by MRMIB. Building on existing law for express enrollment in Medi-Cal through the National School Lunch Program (NSLP), this bill requires counties to forward NSLP applications, with the parents' consent, to HFP if the student is determined to be ineligible for Medical-Cal.

Chairman Allenby asked if there were any questions or comments; there were none.

AB 1927 (Cohn)

Teresa Smanio reviewed the analysis of AB 1927, sponsored by the California Primary Care Association (CPCA) and the California Optometric Association (COA). Staff is recommending an "oppose unless amended" position on the bill.

HFP currently contracts with one vision plan, Vision Services Plan (VSP), to provide vision services to HFP subscribers. VSP has over 3,800 providers statewide. CPCA believes that some of the provider requirements used by VSP are discriminatory to clinics. AB 1927 would require VSP to change these requirements or be barred from doing business with HFP and Medi-Cal. Specifically, the bill prohibits a specialized health care service plan (such as VSP) from discriminating against a clinic by refusing to enter into a contract with the clinic because of specified requirements relating to ownership of the clinic or its equipment. Vision plans found by the Department of Managed Health Care to have "discriminated" against a clinic in this way would prohibited from receiving funds from HFP or Medi-Cal.

MRMIB is concerned with these provisions as they interfere with MRMIB's business model and would place it in the role of regulator by requiring that the agency terminate or not renew its contract with a vision plan to enforce the penalties established in the bill. MRMIB is not aware of any access issues with the present plan partner that would warrant such interference. The bill would subject HFP to purchasing requirements not

applicable to other purchasers (such as the Department of Personnel Administration) and weaken the program's leverage to negotiate. The bill would significantly increase costs to vision care plans, potentially resulting in a significant increase in cost to the State. Additionally, the bill would increase MRMIB's staffing needs in order to fulfill additional administrative functions, including assuming the role of regulator and enforcer. Staff recommends that the bill be amended to remove reference to HFP.

Chairman Allenby asked to be reminded what HFP law requires in terms of inclusion of traditional & safety net (T&SN) providers (such as clinics). Ms. Cummings replied that current law provides for a middle ground between providing no direction on inclusion of and a requirement to include them---it provides incentives for plans to contract with T&SN providers. The annual report on plan contracts with T&SN providers shows high percentages of clinic participation. Dr. Crowell pointed out that MRMIB meets requirements under Knox-Keene. Since plans automatically lose their contract with MRMIB if they lose their license, she expressed concern about the added burden of requiring staff to perform oversight. The chairman asked for public comment.

Mike Kimball, representing CPCA, requested that the Board reject the staff's recommendation. He stated the bill seeks to establish a level playing field, whereas current VSP guidelines are discriminatory towards clinics providing vision services. For example:

- Optometrists are required to be a majority owner. As non-profits, none of CPCA's providers are owners, only employees.

- Optometrists are required to own their own equipment. With clinics, the corporation, not the employees, own the equipment.

- Proof of individual malpractice insurance is required. However, some clinics operate under federal tort laws allowing individuals to be exempt from carrying individual policies, which saves costs.

He said the bill would require VSP to eliminate the requirements described above, or lose the ability to participate in HFP and Medi-Cal. CPCA admits that not all clinics would meet VSP's remaining requirements (which they would have to do under the bill), but, given the high numbers of HFP families that do not speak English and the need to provide services in underserved areas, CPCA feels that VSP needs to include clinics in its provider network. CPCA is of the opinion that MRMIB's contracting with only one vision care plan creates a monopoly. Mr. Kimball noted that they have clinics in under-served areas, and the purpose of the bill is not to compete with the commercial market, but to ensure all Californians have access to services.

Mr. Figueroa referred to CPCA's letter to the Board where there appears to be a disagreement with VSP over some of the information contained on the second page. Mr. Kimball replied that they have been working with VSP for five years, and are of the opinion their information is correct. CPCA would have preferred to arrive at a solution in private without the necessity of proposing new legislation. The Chairman noted that the Board has been supportive of clinics in the past and would like VSP and the clinics to

have a positive relationship. He asked that staff do what they can to facilitate the relationship and expressed the hope that issues are resolved so that legislation is not necessary. Mr. Kimball replied that VSP is not opposed to the bill and would be meeting with CPCA that week. Mr. Figueroa noted the Board's concern with taking on a regulatory role. Chairman Allenby asked if there were any further questions or comments; there were none.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry Reports

Ernesto Sanchez reported that there were 692,798 children enrolled in HFP as of March 31. He reviewed the enrollment data that included ethnicity and gender of subscribers, the top five counties in enrollment, SPE statistics, and the breakdown of applications processed with and without assistance. He reported that it has been taking longer to process applications due to a significant increase in the number of applications received, especially applications that are incomplete. Chairman Allenby stated that MRMIB needs to look at creative ways to address this problem. Irma Michel replied that staff had undertaken a comprehensive review of the application process because the whole environment of the program had changed in the last six months. Phone volume has increased dramatically, the rate and degree of incompleteness has increased, and the response to annual eligibility reviews (AERs) has also decreased. She said staff has performed an audit of the entire process in concert with MAXIMUS to determine what kind of changes may need to be made. Mr. Sanchez replied that the administrative vendor (AV) has been making many more calls than in the past--five calls versus three for missing AER responses. Staff has also been encouraging HFP plans to work their monthly AER files which provide detailed information on their members who are going through the AER process.

Ms. Gotlieb asked how much longer the processing time for applications is, and if there is a pattern to incomplete applications. Ms. Michel said they are still looking into the time it takes to complete enrollment. Ms. Gotlieb asked if the problem was more acute in particular types of applications. Ms Michel replied that as many as 41% of applications submitted through CHDP Gateway are incomplete due to no income documentation being submitted. In the past, CAAs would direct families to submit substantiating documentation. Ms. Gotlieb asked if the applications are more complete where health plans have provided application assistance. Ms. Michel replied that she did not know but that MRMIB had scheduled an outreach meeting where assistance from community-based organizations will be discussed. Dr. Crowell noted the date of the meeting is May 4.

Ms. Michel reviewed additional charts comparing the number of applications received to the number of enrollments by month since inception of HFP beginning in FY 1998-99. She also reviewed the disenrollment statistics which have increased. The rate at which AER information was not received is much higher and the rate of disenrollment for non-payment of premium is much higher than in the past. Ms. Michel reviewed the extent to which disenrollments were "avoidable" or "unavoidable." "Unavoidable" disenrollments were at about the same rate as in the past, while it was difficult to discern a pattern in

the “avoidable” category given that the program had disenrolled in March children in this category for a three-month period. Dr. Crowell asked if staff had assessed whether there were particular problems by language. Ms. Michel said staff could track whether subscribers received AERs in the correct language and noted that families are asked whether they received their AER in the correct language when the AV makes reminder phone calls. Ms. Michel also noted that the number of applicants requesting their applications not be forwarded to Medi-Cal has increased from 5,000 to 6,000 to almost 10,000. Ms. Cummings noted that this could be another consequence of the lack of CAAs. Chairman Allenby asked why applicants were asked whether they wanted their applications forwarded to Medi-Cal. Ms. Cummings replied that the feature had been included in the application because some applicants were very resistant to participating in Medi-Cal, preferring not to submit their form to HFP if there is the likelihood they would end up enrolled in Medi-Cal.

Hellan Roth Dowden, representing Teachers for Healthy Kids (THK), told the Board THK has offered MRMIB staff the assistance of teachers and health plans to help with application problems. She suggested that where an applicant had chosen a health plan but submitted an incomplete application, the application could be forwarded to the health plan to provide follow-up. People at enrollment events have indicated it is okay with them to be contacted by a health plan. THK is concerned about the possible lack of follow-up after teachers pass out applications. Ms. Gotlieb thanked them for their willingness to assist staff and work with the plans. Ms. Cummings said staff welcomes all the help it can get and is checking into the legal ramifications of Ms. Dowden’s suggestions. Additionally, staff is researching the cost and type of systems that would have to be established between the AV and the health plans. She emphasized that staff wants to take advantage of all avenues of assistance. Chairman Allenby asked if there were any further comments or questions; there were none.

Administrative Vendor Performance Report

Ernesto Sanchez presented the first administrative vendor (AV) performance report. He reviewed the performance categories and standards, noting that MAXIMUS met only one of the performance standards in the month of March. He pointed out that it took the previous AV eight months of operation before it was able to meet all of the performance standards and that MAXIMUS’ challenge was far greater given that it had to take over when the program had close to 700,000 enrollees (as opposed to none). Staff has expended a great deal of effort in identifying areas of concern and working with MAXIMUS to develop a work plan to address the problems. Regarding the standard requiring a completeness determination of HFP applications within three business days of receipt from SPE, Mr. Sanchez explained that MAXIMUS approaches the task very differently than the prior AV and that staff needs to analyze the contract standard to ensure it is appropriate given these differences. Regarding performance standards established for telephone services, Mr. Sanchez presented a paper on volumes of calls experienced in the present versus the past. The paper demonstrates that the volume of calls for both SPE and HFP have increased significantly since MAXIMUS began operations in January. Mr. Sanchez noted that the volume of calls provided to bidders on the AV contract were much lower than those being experienced presently.

Chairman Allenby noted that the increase in volume could be an indication the school outreach campaign has been successful. Mr. Sanchez agreed outreach efforts have been paying off. Additionally, the fear generated by publicity over the enrollment cap and a decrease in income levels has increased the volume of applications.

Mr. Sanchez briefly reviewed the data comparing levels for CY 2003 to the current year to date. For HFP, the call volume increases for various components of performance standards ranged from 142% to 907%; and for SPE, the increases ranged from 142% to 2815% (i.e., 28 times the volume of voicemail). Mr. Sanchez discussed the research conducted by MRMIB and MAXIMUS staff to assess the causes of some of the key issues, as well as their action plan to resolve those issues. By way of example, Ms. Michel informed the Board that MAXIMUS was retooling the automated Interactive Voice Response (IVR) system so that it will be able to serve an estimated 30% of the calls by providing information such as the status of an application or eligibility. Dr. Crowell asked what languages will be available on the automated system. Ms. Michel replied both English and Spanish.

Mr. Sanchez concluded that staff's assessment is that the AV is performing adequately, but the call volume greatly exceeded what was anticipated by staff at MRMIB and MAXIMUS. He introduced Kari Dingman, Vice-President of MAXIMUS.

Ms. Dingman acknowledged the amount of work that will need to be done to resolve performance standard issues. She described some of the steps already taken, such as the increase in staff, rescheduling staff to peak hours, and continuing to work with staff at MRMIB. She assured the Board MAXIMUS is committed to making the necessary improvements within the next month, two at the latest. Ms. Gotlieb asked if the same phone lines are used for both incoming and outgoing calls, causing callers to be routed to voicemail. Ms. Dingman replied that they have dedicated trunk lines for outgoing calls. Mr. Figueroa pointed out the increased cost to the State in extra administrative time dealing with applications versus the costs associated with payment of application assistants.

The Board, Ms. Dingman, and staff further discussed the various ways to address the volume of calls and efficiently manage voicemail. Chairman Allenby asked if there were any further questions or comments; there were none.

Peds QL

Lesley Cummings introduced Michael Seid, Ph.D., formerly with the Children's Hospitals in San Diego, who reviewed with the Board a report on a study of health outcomes for children who have been enrolled in HFP for two years. The report, referred to as "the PedsQL report," after the instrument used to measure health outcomes, was prepared by Dr. Seid and Lorraine Brown, Deputy Director of MRMIB's Benefits Division. The study was funded by the David and Lucile Packard Foundation, and assessed the change in health outcomes for a large cohort of children immediately upon enrollment in HFP, one year later, and then two years later. It addresses both physical, psychosocial, and emotional aspects of health, as well as school functioning.

Ms. Cummings reminded the Board that a report on the results of one year of enrollment was provided to the Board last year and is in the "Special Reports" section of the MRMIB website (www.mrmib.ca.gov). Last year's report, covering the children's first year of enrollment, indicated dramatic improvements in the health status of children in the poorest health. These children's improved health was sustained throughout the year. There was also a significant improvement in the children's school performance. The was no variation by race or language.

Dr. Seid walked the Board through the report, highlighting the most significant information contained in both the text and the tables. He summarized that the report confirms the strong correlation between health status and quality of life and pointed to the following findings:

- Children in the program showed improvements in health status, with the most significant effect occurring for those in poorest health.

- Gains in health experienced after the first year of enrollment were sustained through the second.

- The children in poorest health also showed significant, sustained increases in paying attention in class and keeping up in school activities.

- Increased access to care and a reduction in foregone health care.

- No significant variation by race and language in reports of foregone care—the most significant variable associated with measuring access.

He stated that the report indicates a remarkable achievement by HFP.

Mr. Figueroa asked Dr. Seid to compare HFP's results to research done on other children moving from uninsured to insured status. Dr. Seid replied that doing so was difficult as the PedsQL study is unique in measuring the quality of health at the time of enrollment. Most other research does not take this into consideration. The Board asked several specific questions about various aspects of the report. The Board was very pleased with how the report concretely illustrates the positive benefits of HFP for all Californians and discussed how to go about publicizing this message. The report will be posted under "Special Reports" at www.mrmib.ca.gov once finalized to reflect Board comments.

Advisory Panel Vacancies

Irma Michel announced MRMIB is seeking nominations to fill four vacancies on the Healthy Families Advisory Panel: (1) a subscriber representative, (2) a family practice physician representative, (3) a disproportionate share hospital representative, and (4) a county public health representative. Applications must be submitted by June 6. Information regarding the Advisory Panel and the vacant positions will be posted on MRMIB's website at www.MRMIB.ca.gov.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are currently 4,687 mothers and 11,730 infants enrolled in the program. He briefly reviewed the enrollment data, including ethnicity, infant gender percentage, and the counties with the highest percentage of enrollment.

Administrative Vendor Transition Report

Irma Michel highlighted some of the tasks on the work plan relative to transferring administrative vendor services for AIM from Care 1st to MAXIMUS. The transfer will become effective on July 1, 2004. She noted that Care 1st has been very helpful and cooperative---everything is going fine. Chairman Allenby asked if there were any questions or comments; there were none.

Award of 2004-07 Health Plan Contracts

A motion was made and unanimously passed that the Board adopt all eight resolutions included in Agenda Item 7(c) authorizing contracts with the following health plans for 2004-07: Blue Cross of California, Care 1st Health Plan, Contra Costa Health Plan, Health Net, Kaiser Permanente, Santa Barbara Regional Health Authority, Sharp Health Plan, and Ventura County Health Plan.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Ernesto Sanchez reported that there are currently 8,042 people enrolled in the program. As of April 1 there were 64 on the waiting list serving the post-enrollment waiting period. During the past month, 95 people were disenrolled pursuant to AB 1401, bringing the total number of 36-month disenrollments to 9,841. The program remains open to new subscribers since the current enrollment is below the cap of 11,187.

AB 1401 Update

Vallita Lewis gave an update on implementation of AB 1401 *(*Thomson*)*. This legislation established a four-year pilot limiting enrollment in MRMIP to 36 consecutive months, after which time subscribers would "graduate" from MRMIP and become eligible for guaranteed issue coverage in the commercial market with premium rates set at 110% of the premium for the comparable MRMIP product. Since implementation of the pilot, MRMIP's rates increased an average of 12.5% on January 1, 2004, resulting in an increase in the post-graduate premiums in order to maintain the 10% higher differential required by law.

Interim reports covering the period September 1 through December 31, 2003, submitted by the plans participating in the post-graduate program show that more than 9,800

subscribers have graduated from MRMIP, 9,200 of whom graduated on September 1, 2003, when the pilot became effective. Almost 7,000 of the September graduates enrolled in post-graduate coverage, indicating successful efforts undertaken by MRMIB, the Department of Insurance, and the Department of Managed Health Care to provide ample notification and information. As of December 31, over 7,400 graduates, or 79%, have enrolled in post-graduate coverage. The majority have enrolled in plans currently participating in the MRMIP.

In December 2003, when the increase in 2004 rates was announced, there was a net decrease in enrollment. Staff is continuing to monitor trends in enrollment and the issue of premium affordability. The next interim reports, covering the period from January through June, are due from the plans on October 1. Chairman Allenby asked if there were any questions or comments; there were none.

Semi-Annual Enrollment Estimate

Joyce Iseri summarized the memo from PricewaterhouseCoopers (PwC) regarding the semi-annual enrollment cap estimate for MRMIP. Enrollment to date is a little over 8,000—well below the current cap of 11,187. PwC recommends an enrollment cap of 10,718 for the period July 2004 through June 2005. With the addition of an estimated 7,574 graduates during the same time period, MRMIP will be serving a larger population than it did prior to implementation of AB 1401. Chairman Allenby asked if there were any questions or comments; there were none.

Open Enrollment Results

Larry Lucero reviewed the 2003 open enrollment results for MRMIP. He acknowledged Tara Stock for her assistance with the project. This was the first open enrollment period since implementation of AB 1401, which presented some challenges in making sure the correct subscribers were noticed. Due to the 36-month limit in the program, 6,823 packages were mailed out in 2003, whereas 15,448 packages were mailed out in 2002. He described the efforts undertaken by the administrative vendor to ensure a successful open enrollment campaign and noted that only four requests were not processed, either because of non-payment of the premium or receipt after deadline. The Board commended staff for a job well done.

Chairman Allenby announced there would not be a meeting in May. There being no further business to come before the Board, the meeting was adjourned.